

Service Associates, Inc.

160 East Main Street
Brevard, North Carolina 28712
828.885.2832 – 828.885.5023 FAX

December 23, 2010

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

CC Docket Number 02-6
CC Docket Number 96-45

VIA ECFS

**Re: Request for Review
USAC Administrator's Decision on Appeal – Funding Year 2009-2010
Hampton County School District 1**

To Whom It May Concern:

This appeal is being filed on behalf of the applicant. My Letter of Agency is attached. My contact information is as follows:

Tom Traywick, Senior Compliance Analyst
Service Associates, Inc.
160 East Main Street
Brevard, NC 28712
hcsd1@serviceassoc.com
828.885.2832

Applicant Betty Woodward, Director of Technology
Contact: Hampton County School District 1
410 Pine Street
P.O. Box 338
Hampton, SC 29924
hcsd1@serviceassoc.com
(803) 943-4914

This appeal letter requests review of the November 5, 2010 USAC Administrator's Decision on Appeal – Funding Year 2009-2010 which is attached.

Service Associates, Inc. is an E-rate compliance support services company providing services exclusively to E-rate applicants

Regarding: Funding Commitment Decision Letters:
Date of Letter August 4, 2010
Applicant Hampton County School District 1
Billed Entity Number 127261
Form 471 Application Numbers 669503
Funding Request Numbers 1883522
1883553

The **Funding Commitment Decision Explanation** given in the FCDL (attached) is:
2 out of 5 year eligibility violation.

Grounds for Appeal

The applicant had repeatedly requested in PIA that their FY2009 Internal Connections applications be held until USAC reached a decision on FY2007 “as yet unfunded” applications. The FY2009 applications were duplicates of the FY2007 applications, and would be cancelled once the FY2007 applications were funded.

Discussion

History

The applicant has a very complicated “2 out of 5 year” situation, apparently through no fault of their own. Due to investigations of the e-Rate process that have been going on in S. C. and elsewhere, much funding has been delayed for innocent applicants.

Although Internal Connections applications for this applicant have been submitted for all funding years from FY2005 through FY 2009, the applicant has (since 2005) had all of their applications that are at or above the funding discount percentage threshold held with a status of “as yet unfunded”. This condition existed from FY2005 until March 17, 2010.

The applicant was fully aware that “2 out of 5 year rule” conflicts would arise because of the filing of duplicate applications in FY2009, but all of the guidance indicated that the applicant would be allowed to take action to remedy the conflict (such as cancelling FRNs, etc.)

Funding Year 2007 Application 560965 was filed by the District to request 1) Network Infrastructure, 2) Servers, and 3) associated installation services for a district wide network upgrade. The 3 groups of functionality were contracted and applied for using 3 different service providers. The District is a rural poverty level entity that would not be able to afford such an upgrade without the e-Rate program.

Effective March 17, 2010, USAC-SLD funded the “installation services” FRNs for FY2007 Application 560965, but left the associated Network Infrastructure and Servers FRNs for that application “as yet

unfunded". The project could not be implemented without the gear to be provided by the two "as yet unfunded" FRNs.

Effective March 31, 2010, USAC-SLD funded the one FRN for FY2005 Application 464987. The District had not sought reimbursement of this small FRN because it was understood that it might need to be cancelled in order to remedy a "2 of 5 year rule" conflict. This FRN has been cancelled effective December 9, 2010 on Form 500 Application Number 821842 (attached).

Funding Year 2009

Application 669503 and Application 688060 were filed to duplicate the FY2007 "as yet unfunded" Application 560965. PIA Review of the District's FY2009 applications was initiated by Dan Vnencak on April 15, 2009 and the last communication from him was on July 8, 2010. The PIA folder contains 77 emails. In all of our correspondence, including telephone calls, we stressed that we wanted PIA review of these FY2009 Internal Connections applications suspended (or held) until a decision was complete on the FY2007 Application 560965.

Application 669503, FRN1883522, FRN1883553

The applicant believed that these applications were being held with PIA review suspended as requested. At no time during PIA was the applicant informed that suspending review "was not an option". To our dismay they were denied because of "2 out of 5 year rule" conditions. If given fair warning, the District could have taken action to resolve the condition. The FY2005 Application 464987 could have easily been cancelled on a Form 500 if necessary, and has since been cancelled effective December 9, 2010 on Form 500 Application Number 821842 (attached).

The attached October 1, 2010 Letter of Appeal was filed with USAC-SLD, but was denied for these two FRNs. The November 5, 2010 Administrator's Decision on Appeal – Funding Year 2009-2010 is attached.

Application 688060, FRN1883949

The applicant believed that this application was being held with PIA review suspended as requested. The application was denied because one of the nine sites in the Block 4 worksheet was deemed ineligible. When we were notified that the HCSD1 Admin Office was ineligible, we asked if we could submit additional information and we were told by the reviewer that we could. We provided additional information to support the eligibility of the site and heard no more from the reviewer. We assumed that our information had resolved the eligibility question, or that our request to suspend review of the application was being honored. If given fair warning, the District could have taken action (to remove the site from the Block 4) in order to resolve the condition.

The attached October 1, 2010 Letter of Appeal was filed with USAC-SLD, and was approved for this FRN. The December 16, 2010 Administrator's Decision on Appeal – Funding Year 2009-2010 is attached. During USAC review of the appeal, the December 9, 2010 Form 500 Application Number 821842 (attached) was submitted.

Conclusion

We believe that the PIA process for the FY2009 applications of the District was victimized by a rush to move the applications out. We believe that this rush resulted in incomplete procedures, and in a refusal to hold the applications for later review (or cancellation) as requested by the applicant. It is important to note that this situation would not have been possible if the District's applications for 5 years had not been held up through no fault of the District's.

In light of the favorable Administrator's Decision on Appeal for FCC Form 471 688060 FRN 1883949, **we respectfully request that the USAC-SLD PIA process be resumed for FCC Form 471 669503; FRN 1883522 and FRN 1883553** so that the applicant can utilize this crucial funding instead of waiting for the pending FY2007 applications that might remain "As Yet Unfunded" indefinitely.

Closing

We all thank you for your kind attention to this matter. Please contact me if you have any questions or need additional information.

Sincerely,
Service Associates, Inc.



Tom Traywick
Senior Compliance Analyst

Attachment: Letter of Agency
Funding Commitment Reports
November 5, 2010 Administrator's Decision on Appeal – Funding Year 2009-2010
December 16, 2010 Administrator's Decision on Appeal – Funding Year 2009-2010
October 1, 2010 Hampton County School District 1 USAC-SLD Appeal
December 9, 2010 Form 500 Application Number 821842

**HAMPTON COUNTY SCHOOL DISTRICT ONE**

P.O. BOX 177

HAMPTON, S.C. 29924

PHONE: (803) 943-4676

DOUGLAS E. McTEER, JR., Ph.D.
SUPERINTENDENTTOREACHER DOBSON
DEPUTY SUPERINTENDENT

September 15, 2010

Schools and Libraries Division
Box 125 - Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

To Whom It May Concern:

This letter is to inform you that Hampton County School District No. 1 has retained Service Associates, Inc. to advise and assist the District in all matters regarding E-Rate and associated matters, effective October 1, 2008, and we hereby authorize you to fully and openly speak and/or correspond with Tom Traywick and/or Oliver Frail and/or Heather Hosey regarding all District matters before USAC-SLD and/or the FCC.

Additionally, Tom Traywick or Oliver Frail or Heather Hosey will serve as the District's Form 471 Block 1 contact person(s), and as the District's E-rate contact(s) on any other forms and correspondence requested by the District.

This Letter of Agency will be in effect through October 31, 2012, unless canceled or extended by the District, and covers all District applications for all types of services for any Funding Year.

Thank you for your assistance in this matter.

Sincerely,

Doug McTeer, Superintendent

cc: Oliver T. Frail

FUNDING COMMITMENT REPORT
Billed Entity Name: HAMPTON COUNTY SCHOOL DIST 1
BEN: 127261
Funding Year: 2009

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 669503
Funding Request Number: 1883522
Funding Status: Not Funded
Category of Service: Internal Connections
Form 470 Application Number: 929180000526106
SPIN: 143019985
Service Provider Name: Learning Connections
Contract Number: HCSD1-2005-001B
Billing Account Number: NA
Multiple Billing Account Numbers: N
Service Start Date: 07/01/2009
Service End Date: N/A
Contract Award Date: 02/14/2005
Contract Expiration Date: 09/30/2010
Shared Worksheet Number: 1081982
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-discount Amount for Eligible Recurring Charges: \$.00
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$52,400.86
Pre-discount Amount: \$52,400.86
Discount Percentage Approved by the USAC: 82%
Funding Commitment Decision: \$0.00 - 2 in 5 Rule Violation
Funding Commitment Decision Explanation: MR1: The FRN was modified from \$48,957.11 to \$52,400.86 to agree with the applicant documentation. <><><><><> MR2: The Contract Award Date was changed from 2/11/05 to 2/14/05 to agree with the applicant documentation. <><><><><> DR1: The BRUNSON ELEMENTARY SCHOOL, WADE HAMPTON HIGH SCHOOL, BEN HAZEL PRIMARY SCHOOL, HAMPTON ELEMENTARY SCHOOL, VARNVILLE ELEMENTARY SCHOOL, NORTH DISTRICT MIDDLE SCHOOL, FENNELL ELEMENTARY SCHOOL have received Internal Connections funding for 2 out of 5 years. The FRN is denied since the entities are not eligible to receive internal connections.

FCDL Date: 08/04/2010

Wave Number: 061

Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011

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FUNDING COMMITMENT REPORT
Billed Entity Name: HAMPTON COUNTY SCHOOL DIST 1
BEN: 127261
Funding Year: 2009

Comment on RAL corrections: The applicant did not submit any RAL corrections.

Form 471 Application Number: 669503
Funding Request Number: 1883553
Funding Status: Not Funded
Category of Service: Internal Connections
Form 470 Application Number: 929180000526106
SPIN: 143019985
Service Provider Name: Learning Connections
Contract Number: HCSD1-2005-001B
Billing Account Number: NA
Multiple Billing Account Numbers: N
Service Start Date: 07/01/2009
Service End Date: N/A
Contract Award Date: 02/14/2005
Contract Expiration Date: 09/30/2010
Shared Worksheet Number: 1081982
Number of Months Recurring Service Provided in Funding Year: 12
Annual Pre-discount Amount for Eligible Recurring Charges: \$.00
Annual Pre-discount Amount for Eligible Non-recurring Charges: \$5,250.00
Pre-discount Amount: \$5,250.00
Discount Percentage Approved by the USAC: 82%
Funding Commitment Decision: \$0.00 - 2 in 5 Rule Violation
Funding Commitment Decision Explanation: MR1: The Contract Award Date was changed from 2/11/05 to 2/14/05 to agree with the applicant documentation. <><><><><> DR1: The BRUNSON ELEMENTARY SCHOOL, WADE HAMPTON HIGH SCHOOL, BEN HAZEL PRIMARY SCHOOL, HAMPTON ELEMENTARY SCHOOL, VARNVILLE ELEMENTARY SCHOOL, NORTH DISTRICT MIDDLE SCHOOL, FENNELL ELEMENTARY SCHOOL have received Internal Connections funding for 2 out of 5 years. The FRN is denied since the entities are not eligible to receive internal connections.

FCDL Date: 08/04/2010

Wave Number: 061

Last Allowable Date for Delivery and Installation for Non-Recurring Services: 09/30/2011



Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Appeal – Funding Year 2009-2010

November 05, 2010

Tom Traywick
Service Associates, Inc.
160 East Main St.
Brevard, NC 28712

Re: Applicant Name: HAMPTON COUNTY SCHOOL DIST 1
Billed Entity Number: 127261
Form 471 Application Number: 669503
Funding Request Number(s): 1883522, 1883553
Your Correspondence Dated: October 01, 2010

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2009 Funding Commitment Decision Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1883522, 1883553
Decision on Appeal: **Denied**
Explanation:

- According to our records Hampton County School District 1 requested Internal Connections in Funding Year 2005 and the funding was approved. Hampton County School District 1 requested Internal Connections in Funding Year 2007 and the funding was approved. On April 5, 2010, during the Program Integrity Assurance review process, you were informed that a "two-in-five" program violation existed within the Funding Year 2009 Form 471 listed above and you were informed: "if the FRNs should not be denied and you have alternative information to demonstrate the entity(ies) did not violate the Two-in-Five Rule, please provide supporting documentation dated on or before the window close." In your April 20, 2010 response, you requested that USAC suspend the review of the Funding Year 2009 Form 471 application until funding is received with regards to the FY2007 approved Internal Connections (FRNs 1547670 and

1547706). It is noted that suspending the review of this Form 471 application at that time was not an option. The above funding requests included entities that have received Internal Connections funding for two out of five funding years starting with Funding Year 2005. These FRN's were denied since the entities are not eligible to receive funding for Internal Connections in this funding year pursuant to the above rule. On appeal, you did not show that USAC's determination was incorrect. Consequently, your appeal is denied.

- Your funding request for Internal Connections was denied (or modified) because the entity(ies) associated with it has/have received Internal Connections funding for two out of the last five funding years. Each eligible school or library shall be eligible for support for Internal Connections services, except Basic Maintenance services, no more than twice in every five funding years. For the purpose of determining eligibility, the five-year period begins in any funding year, starting with Funding Year 2005, in which the school or library receives discounted Internal Connections services other than Basic Maintenance services. *See 47 C.F.R. sec. 54.506(c).*

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

cc: Oliver T Frail

Tom Traywick
Service Associates, Inc.
160 East Main St.
Brevard, NC 28712

Billed Entity Number: 127261
Form 471 Application Number: 669503
Form 486 Application Number:



Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Appeal – Funding Year 2009-2010

December 16, 2010

Tom Traywick
Service Associates, Inc.
160 East Main Street
Brevard, NC 28712

Re: Applicant Name: HAMPTON COUNTY SCHOOL DIST 1
Billed Entity Number: 127261
Form 471 Application Number: 688060
Funding Request Number(s): 1883949
Your Correspondence Dated: September 30, 2010

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2009 Funding Commitment Decision Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 1883949
Decision on Appeal: **Approved, Funding Reduced**
Explanation:

- Your appeal has brought persuasive information that funding should be approved for the above listed funding request. However, the dollars requested were reduced from \$105,835.07 to \$99,560.59 (pre-discount) to remove costs associated with HCSD1 Administrative Offices, which is ineligible to receive discounted Priority II (internal connections) services.

Internal connections for onsite non-instructional facilities are not eligible for Universal Service Fund support unless they are essential for the effective transport of information to an instructional building of a school. Subsequently, your appeal is approved, but funding reduced.

Since the Administrator's Decision on Appeal modifies funding for your application, USAC will issue a Revised Funding Commitment Decision Letter (RFCDL) to you and to each service provider that will provide the services approved for discounts in this letter. USAC will issue the RFCDL to you as soon as possible. If your appeal included Internal Connections at a discount level that has not yet been approved for funding, an RFCDL will be issued for those funding requests once USAC determines if there will be sufficient funds to make commitments at your discount level. The RFCDL will inform you of the precise dollar value of your approved funding request(s). As you await the RFCDL, you may share this Administrator's Decision on Appeal with the relevant service provider(s).

If the original FCDL approved funding in part for the services covered by this appeal, the 120 day deadline for filing Forms 486 is determined based on the date of the original FCDL that approved funding for the request(s). However, if the original FCDL denied funding for the services covered by this appeal, Forms 486 cannot be filed until you have received your RFCDL. If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

cc: Oliver T. Frail

Tom Traywick
Service Associates, Inc.
160 East Main Street
Brevard, NC 28712

Billed Entity Number: 127261
Form 471 Application Number: 688060
Form 486 Application Number:

Service Associates, Inc.

160 East Main Street
Brevard, North Carolina 28712
828.885.2832 – 828.885.5023 FAX

SCANNED

October 1, 2010

Letter of Appeal
Schools and Libraries Division
Box 125 – Correspondence Unit
80 South Jefferson Road
Whippany, NJ 07981

VIA SLD Submit a Question:

Re: Appeal of all FY2009 Internal Connections Funding Commitment Decisions for Hampton County School District 1 (BEN 127261).

To Whom It May Concern:

This appeal is being filed on behalf of the applicant. My Letter of Agency is attached. My contact information is as follows:

Tom Traywick, Senior Compliance Analyst
Service Associates, Inc.
160 East Main Street
Brevard, NC 28712
hcsd1@serviceassoc.com
828.885.2832
828.885.5023 FAX

Applicant Contact: Betty Woodward, Director of Technology
Hampton County School District 1
410 Pine Street
P.O. Box 338
Hampton, SC 29924
hcsd1@serviceassoc.com
(803) 943-4914

This appeal letter requests that the SLD repeal all FY2009 Internal Connections Funding Commitment Decisions for Hampton County School District 1 (BEN 127261), and once repealed, suspend PIA review for all of these same Internal Connections Applications until USAC-SLD reaches Funding Decisions for FY2007 Application 560965, FRN 1547670 and FRN 1547706.

Regarding: Funding Commitment Decision Letters:
Date of Letters August 4, 2010
Applicant Hampton County School District 1
Billed Entity Number 127261
Form 471 Application Numbers 669503
688060
Funding Request Numbers 1883522
1883553
1883949

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The **Funding Commitment Decision Explanation** given in the FCDL's are variously:
2 out of 5 year eligibility violation, and 1 ineligible site.

Grounds for Appeal

The applicant had repeatedly requested that these FY2009 applications be held until USAC reached a decision on FY2007 "as yet unfunded" applications. The FY2009 applications were duplicates of the FY2007 applications, and would be cancelled once the FY2007 applications were funded.

Discussion

History

The applicant has a very complicated "2 out of 5 year" situation, apparently through no fault of their own. Due to investigations of the e-Rate process that have been going on in S. C. and elsewhere, much funding has been delayed for innocent applicants.

Although Internal Connections applications for this applicant have been submitted for all funding years from FY2005 through FY 2009, the applicant has (since 2005) had all of their applications above the funding discount percentage threshold held with a status of "as yet unfunded". This condition existed from FY2005 until March 17, 2010.

The applicant was fully aware that "2 out of 5 year rule" conflicts would arise because of the filing of duplicate applications in FY2009, but all of the guidance indicated that the applicant would be able to take action to remedy the conflict (such as cancelling FRNs, etc.)

²⁰⁰⁷
Funding Year Application 560965 was filed by the District to request 1) Network Infrastructure, 2) Servers, and 3) associated installation services for a district wide network upgrade. The 3 groups of functionality were contracted and applied for using 3 different service providers. The District is a rural poverty level entity that would not be able to afford such an upgrade without the e-Rate program.

Effective March 17, 2010, USAC-SLD funded the "installation services" FRNs for FY2007 Application 560965, but left the associated Network Infrastructure and Servers FRNs for that application "as yet unfunded". The project could not be implemented without the gear to be provided by the two "as yet unfunded" FRNs.

Effective March 31, 2010, USAC-SLD funded the one FRN for FY2005 Application 464987. The District has not sought reimbursement of this small FRN because it was understood that it might need to be cancelled in order to remedy a "2 of 5 year rule" conflict.

Funding Year 2009

Application 669503 and Application 688060 were filed to duplicate the FY2007 "as yet unfunded" Application 560965. PIA Review of the District's FY2009 applications was initiated by Dan Vnencak on April 15, 2009 and the last communication from him was on July 8, 2010. The PIA folder contains 77 emails. In all of our correspondence, including telephone calls, we stressed that we wanted review of these FY2009 Internal Connections applications suspended (or held) until a decision was complete on the FY2007 Application 560965.

Application 669503, FRN1883522, FRN1883553

The applicant believed that these applications were being held with PIA review suspended as requested. To our dismay they were denied because of "2 out of 5 year rule" conditions. If given fair warning, the District could have take action to resolve the condition. The FY2005 Application 464987 could have easily been cancelled on a Form 500 if necessary.

Application 688060, FRN1883949

The applicant believed that this application was being held with PIA review suspended as requested. The application was denied because one of the nine sites in the Block 4 worksheet was deemed ineligible. When we were notified that the HCSD1 Admin Office was ineligible, we asked if we could submit additional information and we were told by the reviewer that we could. We provided additional information to support the eligibility of the site and heard no more from the reviewer. We assumed that our information had resolved the eligibility question, or that our request to suspend review of the application was being honored. If given fair warning, the District could have take action (to remove the site from the Block 4) in order to resolve the condition.

Conclusion

We believe that the PIA process for the FY2009 applications of the District was victim of a rush to move the applications out. We believe that this rush resulted in incomplete procedures, and in a failure to hold the applications for later review (or cancellation) as requested by the applicant. It is important to note that this situation would not have been possible had not the District's applications for 5 years been held up through no fault of the District's.

We respectfully request that the USAC-SLD repeal all FY2009 Internal Connections Funding Commitment Decisions for Hampton County School District 1 (BEN 127261), and once repealed, suspend PIA review for all of these same Internal Connections Applications until USAC-SLD reaches Funding Decisions for FY2007 Application 560965, FRN 1547670 and FRN 1547706.

Closing

We all thank you for your kind attention to this matter. Please contact me if you have any questions or need additional information.

Sincerely,
Service Associates, Inc.

Tom Traywick
Senior Compliance Analyst

Attachment: Letter of Agency



Schools and Libraries Division

FORM 500 NOTIFICATION LETTER
(Funding Year 2005: 07/01/2005 - 06/30/2006)

December 9, 2010

TOM TRAYWICK
HAMPTON COUNTY SCHOOL DIST 1
160 E. MAIN ST.
BREVARD, NC 28712

Re: Form 500 Application Number: 821842
Applicant's Form 500 Identifier: 05SLA

We are issuing this Form 500 Notification Letter to notify you that the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has processed your FCC Form 500, Adjustment to Funding Commitment and Modification to Receipt of Service Confirmation Form.

Attached to this letter is a Report summarizing the modifications or changes you requested. An explanation of the data provided in our letter reports is in the "Letter Reports: Field Descriptions" posted in the Reference Area of our website.

Retain this letter for your records. A copy of this information has been provided to the service provider(s) whose Service Provider Identification Number(s) (SPIN) is featured on this Form 500.

DEADLINES:

Recurring services must be delivered during the funding year (between July 1 and June 30). In general, non-recurring services must be delivered between July 1 and September 30 following the close of that Funding Year. The deadline may be extended for delivery and installation of non-recurring services as described in Step 11: Service Delivery Deadlines and Extension Requests on our website.

Invoices must be postmarked no later than 120 days after the last date to receive service or 120 days after the date of the Form 486 Notification Letter, whichever is later. If an invoice is postmarked after the later of those two dates, payment will be denied.

You can request a Service Delivery Deadline Extension or Invoice Deadline Extension from USAC following the guidance posted on our website.

Discuss with your service provider(s) whether you prefer discounts on your bills or reimbursement after paying for services in full. USAC will process either reimbursements based on Form 472 (BEAR) or discounts based on Form 474 (SPI) for a given FRN. Once established, however, the selected process - SPIs or BEARs - must be used consistently for the entire Funding Year.

NOTE: USAC will base the billing mode (reimbursement or discounting) on the first invoice type that it processes for payment. It is therefore imperative for the service provider and the customer to establish together the preferred invoicing mode.

NOTICE ON SERVICE START DATE

The Service Start Date as reflected on this letter may have been changed from what you indicated on the Form 500. The Service Start Date may not be before the Allowable Vendor Selection/Contract Date (AVS/CD) from the Form 470 cited for this FRN on the Form 471. Additionally, applicants cannot use the Form 500 to change the Service Start Date from a Service Start Date that was adjusted on a Form 486. You will know that a change has been made if there is an asterisk (*) next to the Service Start Date Change. It is important

Schools and Libraries Division - Correspondence Unit
30 Lanidex Plaza West, PO Box 685, Parsippany, NJ 07054-0685
Visit us online at: www.usac.org/sl

FORM 500 NOTIFICATION LETTER REPORT
(Funding Year 2005)

Funding Request Number (FRN): 1278472
Form 471 Application Number: 464987
Service Provider Name: Novell, Inc.
Service Provider Identification Number (SPIN): 143004863
Billing Account Number: N/A
Cancel FRN: \$4,317.90; \$0.00

USAC

Universal Service Administrative Company

Schools and Libraries Division

Correspondence Unit

30 Lanidex Plaza West

PO Box 685

Parsippany, NJ 07054-0685

TIME SENSITIVE MATERIAL

00001

TOM TRAYWICK

HAMPTON COUNTY SCHOOL DIST 1

160 E. MAIN ST.

BREVARD, NC 28712